EXECUTIVE

A meeting of the Executive was held on Wednesday 5 February 2025.

PRESENT:	Mayor C Cooke (Chair) and Councillors P Gavigan, L Henman, J Ryles, P Storey, J Thompson and N Walker
PRESENT BY INVITATION:	Councillor I Blades
ALSO IN ATTENDANCE:	Councillor D Coupe, D Hodgson (Local Democracy Reporter)
OFFICERS:	S Bonner, B Carr, A Davis, A Hoy, C Cannon, G Field, L Grabham, R Horniman, A Humble, D Ingoldsby, J Savage, E Scollay, J Tynan and A Wilson
APOLOGIES FOR ABSENCE:	Councillor T Furness

24/70 **WELCOME AND FIRE EVACUATION PROCEDURE**

24/71 **DECLARATIONS OF INTEREST**

There were no declarations of interest received at this point in the meeting.

24/72 **MINUTES - EXECUTIVE - 8 JANUARY 2025**

The minutes of the Executive meeting held on 8 January 2025 were submitted and approved as a correct record.

24/73 **CORPORATE PERFORMANCE Q3 2024/25**

The Mayor submitted a report for Executive’s consideration.

The purpose of the report was to advise Executive of corporate performance at the end of Quarter Three 2024/2025, and where appropriate sought approval of any changes, where those were within the authority of the Executive.

The Council’s Scheme of Delegation gave Executive collective responsibility for corporate strategic performance, together with associated action.

The report provided the necessary information to enable Executive to discharge its performance management responsibilities, setting out progress against priority performance disciplines and other key associated items, together with actions to be taken to address any issued identified.

The projected financial outturn at Quarter three 2024/2025, was presented separately at the meeting of the Executive and was not repeated here. There were plans in development to integrate performance, risk and financial reporting for future financial years.

As part of continuous improvement in performance and risk management, the Council’s Leadership Management Team (LMT) had implemented monthly reviews of corporate performance utilising a Directorate Performance dashboard, drawing data from a range of performance feeder systems.

The output from these sessions was reflected through quarterly updates to the Executive and covering in addition, progress in delivering actions agreed by Executive, key Directorate performance issues and other performance-related matters.

The Mayor stated the Council had completed its actions following the Section 24 notice and was focussing on the objectives contained in the Council Plan. It was also stated that when the results of the Peer Review were known any actions arising from this would be integrated into this process.

OPTIONS

The council was required to operate a performance management framework to ensure delivery of its best value duty; to not do so would have placed the council at risk of failing in its statutory responsibility in this regard.

ORDERED that Executive approve the proposed changes to the Executive actions, detailed at Appendix one of the report.

AGREED that Executive:

1. **Note the progress and position of the corporate performance disciplines, including the Transformation Portfolio.**
2. **Note delivery status of the Council Plan 2024-27 supporting workplan at Quarter three, detailed at Appendix two of the report**
3. **Note the Strategic Risk Register, at Appendix three of the report.**

REASONS

To enable the effective management of performance and risk in line with the Council's Local Code of Corporate Governance.

24/74 **LINTHORPE ROAD CYCLEWAY**

The Executive Member for Environment and Sustainability submitted a report for Executive consideration.

The purpose of the report sought Executive direction following the acceptance of the design submitted and approved on the current Linthorpe Road cycle lane in December 2024.

The cycleway was completed and became operational in September 2022. The project was funded by Department for Transport (DfT) and delivered locally by Middlesbrough Council and Tees Valley Combined Authority (TVCA).

The project was part of a wider, regional delivery programme of sustainable transport Projects and was delivered under the 'Local Walking and Cycling Implementation Plan' (LCWIP) which was introduced at a national level by the Department for Transport and supported by Active Travel England (ATE).

The project was approved by the Executive in January 2021, with a consultation exercise led by TVCA. The consultation highlighted concerns from some businesses and the scheme was amended to accommodate those views and concerns which were integrated into the final approval. This resulted in retention of car parking spaces on the carriageway, and the creation of additional spaces on Woodlands Road.

Post-implementation, concerns were highlighted regarding safety of pedestrians crossing at non-designated crossing points. As a result, further adaptations to the scheme were implemented to address safety concerns and implemented after agreement with the Council's insurer.

Since the installation of the cycle lane, travel data collected showed a 48% increase in cycling and a 9% reduction in cycling related accidents.

Removal of the cycle lane was identified as a political priority for the Town Centre in early 2023 and again in 2024, due to concerns from local businesses.

A proposal (with a majority support from public consultation) to remove the cycle lane and reinstate to its previous alignment was submitted by TVCA. The Council approved the submitted plan in December 2024.

A Member commented that, during initial consultation, some local businesses had objected to the installation of the scheme and voiced their concerns.

The Mayor commented that he had been dealing with this issue since he was a ward Councillor and that the scheme had remained half finished and there was a need to look at potential schemes in other areas.

OPTIONS

There were to two options submitted as part of the report:

Retain the scheme

Based on data collected by VivaCity traffic count cameras post-implementation of the cycle lane, removal of the cycle lane may have resulted in increased accidents and injuries witnessed.

The usage data indicated the cycle lane had contributed to not only reducing the number of accidents, but significantly increased the number of cyclists simultaneously.

The cycle lane had led to an increase in the number of all highway users, which could lead to natural surveillance; assisting in reduction of actual/perceived crime and anti-social behaviour.

The significant increase in cycling along the corridor had not correlated with an increase in accidents.

The proposed area for phase two of Linthorpe Road had witnessed a significant decline in all modes of transport and the area had seen the percentage share of all accidents involving cyclists rise from 0% to 11%.

Maintaining positive relationship with Active Travel England (ATE), which demonstrated regional commitment to City Regional Sustainable Transport Settlement (CRSTS) programme, which was to see over £300m spent up to 2027.

The cycle lane assisted in supporting sustainable transport choices, which was assisting the Council's green strategy. It further supported social mobility, which was a key component for increasing economic activity for the surrounding area, which had typically low car ownership per capita.

Remove the scheme

Following public consultation by TVCA, with the majority of responses in favour of removal and reinstate previous alignment; the Executive approved a TVCA proposed design for the reinstatement of Linthorpe Road.

TVCA commissioned a Road Safety Audit (RSA) into their approved design, which stated that the proposed return to original alignment did not pose safety issues.

TVCA submitted a business case and associated funding agreement to remove the scheme, at no cost to the Council.

ORDERED

That Executive approve removal the scheme.

REASONS

The reasons for the decision were outlined in the options section of the report.

24/75 **2024/25 QUARTER 3 REVENUE AND CAPITAL MONITORING AND FORECAST OUTTURN**

The Executive Member for Finance submitted a report for Executive consideration.

The report discharged the responsibilities of the Executive to manage and control the revenue budget, capital programme and overall balance sheet position of the Council.

The Council's Scheme of Delegation gave Executive collective responsibility for corporate strategic performance and financial management, monitoring and control. Standing Orders and Financial Procedures required Executive's approval for major virements between revenue budgets, and in-year changes to the Council's Capital Programme within approved Council resources within the approved policy framework.

The report enabled Executive to discharge its financial management responsibilities by setting out the Council's position at Quarter three.

Financial Procedure Rule 18.38.3 of the Council's constitution required Executive's approval of revenue and capital programme budget virements over £250,000.

Section 25 of the Local Government Act 2003 required the Chief Finance officer to report on the robustness of the budget estimates and the adequacy of the financial reserves to Council in agreeing its annual budget and precept for the forthcoming financial year. The Chief Finance Officer was defined in S151 of the Local Government Act 1972 and was fulfilled by the Director of Finance.

The previous Director of Finance (S151 Officer) issued her Section 25 Report to Council Members, presenting the 2024/25 Revenue Budget, Medium Term Financial Plan, and Council Tax setting report approved by Council on 8 March 2024. The report set out the basis upon which the revenue budget was considered to be robust and the basis upon which reserves were considered adequate, being dependent upon the approval of Exceptional Financial Support (EFS) by the Ministry of Housing, Communities and Local Government (MHCLG) (formerly DLUHC) which were summarised in the table at appendix 4.5 of the report.

Based on the current forecast outturn position, only up to £4.700m of this will be required in 2024/25 relating to the element required to balance the 2024/25 budget.

The Council's financial position remained fragile. Its ability to control expenditure within the approved 2024/25 budget, whilst developing further savings and income generating opportunities through the Recover, Reset, Deliver Transformation Portfolio in order to balance the MTFP will be crucial to stabilising the Council's financial position and rebuilding its financial resilience. This required the delivery of all approved £13.9m of 2024/25 savings plans in full.

The Council had achieved significant improvement in its financial position from that which existed at the start of the 2023/24 financial year. However, it continued to spend above its available annual income sources in 2024/25, as whilst there was a forecast year end underspend of (£0.006m) for 2024/25, this was after using £4.7m of EFS to balance the budget which meant it was spending £4.7m above annual revenue income streams in 2024/25.

In terms of Capital Programme Forecast, on 8 March 2024 Council approved a capital programme for 2024/25 of £88.549m (the original 2024/25 capital budget). This was revised to £97.215m as approved by Executive within the 2023/24 Revenue and Capital Outturn and Development of MTFP report of 26 June 2024 to take account of 2023/24 programme slippage and some new externally funded schemes. The budget was revised at Quarter One by the addition of a total of £8.973m in 2024/25 and by a further £0.523m in Quarter Two in order to add new externally funded schemes / additional external funding to existing schemes.

The budget had been further revised at Quarter three by the addition of a total of £0.430m in 2024/25 in order to add new externally funded schemes / additional external funding to existing schemes (detailed in Appendix eight of the report).

Following Executive approval of incorporating these within the Capital Programme, the revised budget for 2024/25 was £107.141m as summarised in table nine of the report.

The Executive Member for Finance reminded Executive that the forecast in the report was as at quarter three and was an improvement on the position at quarter two. and the final budget outturn position would be available in June.

The Mayor and Executive Member for Finance thanked all those involved for helping bring the Council's financial position back on track.

OPTIONS

There were no other options put forward as part of the report.

ORDERED that Executive approve:

1. **The proposed revenue budget virements over £250,000 as detailed in Appendix three of the report.**
2. **The inclusion of additional expenditure budgets to the Capital Programme totalling £0.430m for 2024/25 which were externally funded as detailed in Appendix eight of the report). This will increase the approved 2024/25 Capital Programme budget to £107.141m.**
3. **The proposed virements over £250,000 between schemes in the 2024/25 Capital Programme approved by Council in March 2024 which are funded from within existing Council resources which were detailed in Appendix eight of the report.**

AGREED that Executive note:

1. **The forecast 2024/25 revenue outturn as at Quarter three of £143.184m against an approved budget of £143.190m. This was an underspend of £6,000 (£0.006m) (0.00%) as summarised below and detailed in Table one of the report. This was an improvement of (£1.388m) from the £1.382m forecast year-end overspend reported at Quarter Two.**
2. **The progress on savings delivery set out in Tables three and four of the report and Appendix four.**
3. **The Council was dependent upon Exceptional Financial Support (EFS) in setting the budget for 2024/25 approved, in principle, by the Ministry of Housing, Communities & Local Government (MHCLG) of up to £13.4m of one-off borrowing, the costs which were factored into the MTFP. Of this sum £4.7m had been utilised to achieve a balanced budget in 2024/25. The forecast use of EFS had been reduced to up to £4.7m, which related only to the element used to balance the budget detailed in paragraph 4.5 of the report.**

4. **It was essential that all available measures were taken by management to maintain revenue expenditure within the approved budget, given the marginal Quarter three forecast underspend. If an overspend occurred in the remainder of 2024/25 this would require further use of EFS or reserves. Both EFS and reserves could only be used once, and the financial pressure would remain in 2025/26 to be addressed.**
5. **Based upon the Quarter three forecast outturn, the forecast revenue balances at 31 March 2025 would be £21.369m which was in line with that recommended in the approved Reserves Policy:**

   - **General Fund Reserve of £11.100m (minimum recommended)**
   - **Council's unrestricted usable earmarked reserves of £10.269m**

6. **The 2024/25 Capital Programme forecast year-end outturn of £65.158m at Quarter three was a reduction of £41.983m (39.18%) from the revised Quarter three budget of £107.141m comprising:**

   - **An underspend on projects of £12.303m**
   - **Slippage on projects of £29.680m into 2025/26 and 2026/27**

7. **The current forecast deficit of £6.400m for 2024/25 related to the High Needs Block with the Dedicated Schools Grant which increased the forecast cumulative deficit to £20.693m at 31 March 2025. If the statutory override was removed by Government on 31 March 2026 without a national funding solution**

in place for High Needs, then this presented a critical risk to the Council's financial viability, given that it would significantly deplete the Council's general fund reserves. The DSG recovery actions and risks to the Council's financial resilience were set out in paragraph 4.38 and Appendix six of the report.

8. **The level of Middlesbrough's share of Collection Fund and General Fund Debtors on 31 December 2024 was detailed in paragraphs 4.63 to 4.65 and Table 11 of the report.**

REASONS

To enable the effective management of finances, in line with the Council's Local Code of Corporate Governance, the Scheme of Delegation and financial regulations.

24/76 **2025/26 REVENUE BUDGET, MEDIUM TERM FINANCIAL PLAN, AND COUNCIL TAX SETTING**

The Mayor and Executive Member for Finance submitted a report for Executive consideration. The Executive Member for Finance emphasised the report was not for decision and was to be recommended to Council.

The report proposed a 2025/26 net revenue budget of £143.362m, and a Medium-Term Financial Plan (MTFP) for the period 2025/26 to 2028/29 following the issuing of the Provisional Local Government Finance Settlement (LGFS) and set out the financial planning assumptions applicable to the budget based upon the best information available at the time.

A Council Tax increase for 2025/26 of 4.99% was proposed, comprising 2% Adult Social Care Precept and 2.99% Core Council Tax which was within the referendum limits set by Government.

The report proposed a Capital Programme of £74.798m for 2025/26 and totalling £170.290m over the period from 2025/26 to 2028/29 together with a financing statement comprising a combination of external funding and council resources. In addition, the proposed capital strategy set out the Council's approach to capital investment and financing, including the forecast levels of borrowing. The Prudential Indicators and Treasury Management Strategy 2025/26m which was discussed at another point in the meeting, translated the Council's revenue income and expenditure plans and capital investment plans for the purpose of the Council's cash flow management together with setting the framework within which the Council's investment and borrowing activity was governed. It included the Minimum Revenue Provision (MRP) Policy which governed how the Council accounted for debt repayment in accordance with statutory regulations.

A summary of the Schools' Budget and allocation of the Dedicated Schools Grant (DSG) as determined under the Department for Education's (DfE's) National Funding Formula, together with an overview of the financial pressures on the DSG High Needs Block and forecast deficit which was being addressed under the Delivering Better Value (DBV) Programme.

The s151 Officer's recommended Reserves Policy for 2025/26 set out the plan for replenishing and maintaining unrestricted usable revenue reserves over the period of the MTFP in order to achieve financial recovery and re-establish the Council's financial resilience.

The s151 Officer's recommended Fees and Charges Policy sets out the proposed framework within which discretionary charges for services will be reviewed and fees and charges set in the future to ensure financial viability of discretionary services.

The report was underpinned by the Section 151 Officer's report in accordance with s25 of the Local Government Act 2003 which assessed the robustness of budget estimates and the adequacy of financial reserves in the context of the known financial risks that existed in the Council's operating environment. The report set out the responsibilities of all officers and members to work collaboratively together to enable the Council to successfully achieve financial sustainability over the medium term. Under s31A of the Local Government Finance Act 1992, the Council was required to have regard to this report when making decisions on agreeing the budget and setting the Council Tax.

The Executive Member for Finance stated the previous 12 months had been difficult and that the road to financial recovery was tough. While there was still work to do, it was due to some difficult decisions that there were now opportunities to provide investment in frontline services. Executive was advised that since 2010 the Council budget had been reduced by approximately 43% and that the recent Local Government Settlement had helped to ease the Council's financial situation.

It was clarified that further information about the creation of a priorities fund would be included in a future report to Executive.

The Mayor and Executive Member for Finance expressed their sincere thanks to the Director of Finance and Transformation and his team for their efforts in the budget process.

OPTIONS

No other options were put forward as part of the report.

AGREED that Executive note the contents of the report and submit the following to Council for approval:

1. **Budget proposals for savings and income generation of £7.036m in 2025/26 rising to £8.686m in 2028/29, as set out in Appendix two (Annex one and two) of the report.**
2. **Budget growth of £2.521m in 2025/26 rising to £2.918m in 2026/27 for re-investment in services aligned to the Recover, Reset, and Deliver plan as set in Appendix two (Annex four) of the report.**
3. **Budget provision of £0.311m in 2025/26 and a further £0.100m in 2026/27 to address the removal of previously approved savings in line with the priorities outlined in the Council Plan and after listening to residents' views as set out in Appendix two (Annex three) of the report.**
4. **An increase in Council Tax of 4.99% resulting in a Council Tax level (Band D) of £2,074.35 excluding parish, Fire, and Police precepts in line with both the Government's referendum limits and the s151 Officer's advice (paragraphs 4.29 to 4.32 and detailed in Appendix seven of the report).**
5. **The proposed General Fund revenue budget for 2025/26 with a net budget requirement of £143.362m**
6. **The Financial Reserves Policy for 2025/26 (Appendix four of the report) including the proposed contributions to reserves to strengthen the Council's financial resilience, and which proposes:**
    - **a minimum General Fund Balance of least 7% of the Net Revenue budget over the MTFP period to 2028/29. In the 2025/26 proposed budget the level is 7.75% equivalent to £11.1m.**
    - **the building up of the Financial Resilience Reserve to at least £10m in 2025/26 and £20m by the end of 2028/29 to strengthen the Council's financial resilience**
7. **The proposed Fees & Charges Policy for 2025/26, and the schedule of fees and charges arising from the application of the approved policy for 2025/26 (Appendix five of the report).**
8. **The Capital Strategy 2025/26 and the proposed 2025/26 to 2028/29 Capital Programme totalling £170.290m which included the addition of new Council funded schemes, and the associated financing statement (Appendix six of the report).**

AGREED that Executive note:

1. **The statutory s25 report of the Council's Section 151 Officer in respect of the robustness of the estimates within the budget and the adequacy of reserves (Appendix one).**
2. **The updated financial planning assumptions in the Council's Medium Term Financial Plan following the publication of the Provisional Local Government Finance Settlement (Appendix two), and that these will be updated further following publication of the Final Local Government Finance Settlement in early February 2025, with any changes being reported to the Council on 19 February 2025 as part of the budget setting report.**
3. **The creation of a Delivery Risk Budget of £2m on a one-off basis in 2025/26 only**

to protect against unplanned use of reserves (Appendix two).

4. **The transfer of the estimated surplus on the Collection Fund for 2024/25 of £3.135m to a new Savings Delivery Risk Reserve to help provide against the risk of non-delivery or delay of savings and to rebuild reserves (Appendix two).**
5. **The creation of a Middlesbrough Priorities Fund totalling £4.367m for 2025/26 only, along with the process for use and governance of the Fund (Appendix two).**
6. **Whilst the budget was balanced for 2025/26 and 2026/27 there would still be a budget gap of £2.726m in 2027/28 rising to £5.170m by 2028/29. Further savings proposals arising from the Transformation Programme would be required as a minimum to meet those budget gaps (Appendix two).**
7. **The feedback of the budget consultation exercise (paragraphs 4.8 to 4.16 and Appendix three).**
8. **The estimated balances on unrestricted usable revenue reserves as at 1 April 2025 of:**
   - **General Fund balance - £11.100m**
   - **Usable Earmarked reserves – unrestricted £10.269m**
9. **The inclusion of transformation and redundancy expenditure which could be capitalised under the Flexible Use of Capital Receipts strategy (FUoCR) of £7.500m in 2025/26 (as part of planned £26.700m Transformation Programme from 2024/25 to 2028/29), and that the annual Flexible Use of Capital Receipts (FUoCR) Strategy would be presented to Council for consideration and approval in April 2025.**
10. **The Council's estimated revenue cost of borrowing for 2025/26 was £12.060m which was equivalent to 8.4% of the Net Revenue Budget and was approaching the maximum affordable level (currently set at 10% over the MTFP period), therefore future capital investment would need to rely more heavily on external funding and capital receipts in order to maintain borrowing at affordable levels.**
11. **Details of the Dedicated Schools Grant (DSG) Grant for 2025/26 and the allocation to schools (detailed in Appendix eight)**
12. **The forecast total cumulative DSG deficit of £20.693m on 31 March 2025, including £21.281m relating to the High Needs Block (Appendix eight).**
13. **That a statutory override was in place which prevented the DSG deficit from being met from General Fund resources and the Government's plan to deliver a funding solution was awaited. This presented a potential significant medium term financial risk to the Council in the event that the statutory override was removed without a suitable funding solution (Appendix eight).**

REASONS

All Council members had a legal obligation to agree a balanced budget and set the Council Tax by 11 March 2025. In addition, the Council had a Best Value duty to demonstrate financial sustainability through the delivery of a balanced Medium Term Financial Plan (MTFP) over a period of at least three years. The setting of the budget was part of the budget and policy framework and therefore required Full Council approval.

The recommendations enabled the Council to progress towards meeting its statutory responsibility to set a balanced revenue budget in 2025/26 and the requirement to secure financial sustainability of the period of the MTFP.

The Council was required to take a systematic, coherent, and controlled approach to addressing its ongoing financial challenges over the medium-term, while enabling the delivery of the Mayor's vision and priorities for Middlesbrough through delivery of the wider Council Plan.

24/77 **PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT STRATEGY - 2025/26**

The Executive Member for Finance submitted a report for Executive consideration.

The report outlined the Council's prudential indicators for the financial years 2025/26 – 2028/29 and set the framework and approved the limits within which the treasury management operations for this period would work. It fulfilled key legislative and guidance requirements as follows:

- The setting of the prudential indicators which set out the expected capital activities and treasury management prudential indicators (included as treasury indicators) in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice.

- The Treasury Management Strategy statement which set out how the Council's treasury function would support capital decisions taken above, day to day treasury management activities on service delivery and any limitations on these, via the treasury prudential indicators.

- The approval of the Council's Minimum Revenue Provision (MRP) Policy, which set out how the Council would pay for historic capital debt for the financial year.

The Authorised Limit for External Debt for the financial year. This was the maximum amount of borrowing that the Council could enter into, with any amount above this limit being deemed illegal.

The Annual Investment Strategy which set out the Council's criteria for choosing the investment counterparties and limiting exposures to the risk of loss.

The information contained in the report regarding the Council's capital expenditure plans, treasury management and prudential borrowing activities, indicated that they were:

- Within the statutory framework and consistent with the relevant codes of practice.
- Prudent, affordable, and sustainable from the perspective of the S151 Officer.
- An integral part of the Council's Revenue and Capital Medium Term Financial Plans.

Thanks were expressed to the Head of Finance and Investment and his team for their efforts in producing the report.

OPTIONS

As it was a statutory requirement to approve the annual treasury management strategy and set of prudential indicators no other options were put forward as part of the report.

AGREED that Executive note the contents of the report and submit the following to Council for approval:

1. **The Prudential Indicators and Limits for 2025/26 to 2028/29 relating to capital expenditure and treasury management activity set out in tables 1 to 10 of Appendix 1 of the report.**
2. **The Treasury Management Strategy for 2025/26, which included the Annual Investment Strategy for that financial year.**
3. **The Minimum Revenue Provision (MRP) Policy for the 2025/26 financial year.**
4. **An Authorised Limit for External Debt of £331 million for the 2025/26 financial year.**

REASONS

a) **To comply with the Prudential Code for Capital Finance in Local Authorities and the Department for Levelling Up, Housing & Communities (DLUHC) guidance on investments.**
b) **To comply with the Treasury Management Code of Practice for Local Authorities.**
c) **To comply with the requirements of the Local Government Act 2003 Part 1.**
d) **To approve a financial governance framework within which officers will operate when making both borrowing and investment decisions and entering financial transactions.**

24/78 **COUNCIL TAX REDUCTION SCHEME 2025/2026**

The Executive Member for Finance submitted a report for Executive consideration the purpose of which was for Executive to note the proposed Council Tax Reduction (CTR) scheme for 2025/26.

In 2022/23, the Council moved to an income-banded scheme. By doing so, it moved away from the previous complex means tested schemes to simplify the claiming process, reduce the administrative burden and cost of multiple in year changes and associated recalculation of council tax instalments, and to support its achievement of greater collection rates.

The scheme implemented a 90% maximum discount, with lower discount bands of 72%, 36% and 23%, aligned to the level of net weekly income and composition of each household (providing for up to 2 dependent children).

The CTR scheme was a means tested scheme, based on the household size and income, this differed from discounts and exemptions which were not means tested. Where a 100% exemption was granted, such as a student exemption, CTR would not apply as there was nothing to pay. If, on the other hand, a resident was in receipt of a single person discount or other discount, CTR may have still been awarded based on the income and household composition.

The 2024/25 scheme maintained the current income-banded scheme, but also included support for Care Leavers, who were able to apply for CTR as opposed to receiving a local council tax discount. This was a technical adjustment and made no difference to the level of support available to Care Leavers, which remained unchanged.

For 2025/26, it was proposed that the current income-banded scheme be retained subject to the proposed amendments, including that the scheme income ranges were increased in line with inflation. A number of Local Authorities had already implemented an income banded scheme with many more Local Authorities also opting for similar schemes. The main reason for doing so was that a banded scheme was far easier to administer, removed the need for residents to report certain changes, opportunity for ‘take up’ was made simpler as residents could determine entitlement far easier than the previous scheme. Removing the level of complexities meant that applying for support with Council Tax payments was far easier.

On 30 October 2024, the Chancellor announced in the Autumn Statement that state benefits, including Universal Credit and other working age benefits, would increase in line with inflation at 1.7% from April 2025.

The increase in income from state benefits due to the inflation uplift could have resulted in a lower discount rate band being applied in some cases, based on the existing CTR income ranges set. This would have resulted in a reduction in the level of support which, for some households would add in excess of £300.00 per year to their bill.

The CTR scheme provided for income band ranges to be increased “by the appropriate level of inflation decided by the Council”. It is therefore proposed to adjust the income band ranges for 2025/26 to reflect the inflation increase applied to state benefits and thereby maintain the level of support as far as possible for applicants.

It was clarified that there was approximately £120million in unclaimed benefits that there was a significant amount of work being undertaken in this area.
OPTIONS

The Council could reduce the level of support offered to working age residents in receipt of CTR. However, the Council recognised the financial challenges placed on residents and was therefore proposing that the current level of support was maintained which incorporated the proposal to increase the income bandings in line with inflation.

In addition, the Council was not in a financial position to consider awarding additional support through higher discounts or different income ranges without affecting other Council services due to the current budgetary pressures. If the Council chose to increase the maximum award for working age residents to 95%, this would incur an additional cost of circa £0.65m. Similarly, if the maximum award was increased to a 100% maximum award, this would result in additional costs of circa £1.3m. If this were to be considered, a full consultation exercise would also need to be carried out which had not taken place during the current financial year.

AGREED that Executive note the contents of the report and submit the proposed CTR

scheme for 2025/26 to Council for approval.

REASONS

The proposed scheme would assist low-income households and support the collection of council tax whilst remaining affordable for the Council to provide.

CTR was introduced by Central Government in April 2013 as a replacement for the Council Tax Benefit scheme which was administered by councils on behalf of the Department for Work and Pensions. As part of the introduction, the Government placed the duty to create a local scheme for working age claimants with Billing Authorities.

Middlesbrough Council, as the Billing Authority, had a statutory requirement to revise or design and fund a CTR scheme by no later than 11 March each year which must be approved by a full Council decision.

24/79 **CUSTOMER STRATEGY**

The Executive Member for Finance submitted a report for Executive consideration.

The purpose of the report was to consider the Customer Strategy that supported the Mayors vision, as set out in the Council Plan 2024-27 and was an integral part of the Council's wider Target Operating Model.

A recent review highlighted that the Council significantly lagged behind a number of Local Authorities. The Strategy would shift the Council from the current 'As Is' position, advancing to a Majority Local Authority and progressing over time to a Mature Authority as detailed in the report.

In 2023/24 over 125,000 calls were made to the Council's Customer Centre. There were over 4,700 in-person visits and the website attracted over 2.9 million visitors. This was only a small proportion of the Council's interactions with customers. There were many more interactions that occurred directly with service departments and were managed outside of the Customer Centre telephony system; however, this data was limited.

Work was currently underway to explore the possibility of extending the existing telephony solution corporately to ensure all calls were managed through a single solution, where appropriate. This would further assist with the monitoring of call volumes, understanding the call purpose, identifying alternative channels, better call signposting and reducing unnecessary calls.

Further features could also be introduced within the telephony solution which would immediately support services such as automatic call distribution, call routing and interactive voice responses were amongst some of the potential improvements.

Executive welcomed the strategy and it was recognised the strategy highlighted the need to invest in frontline services in order to ensure customer experience was right first time.

OPTIONS

The strategy provided a clear vision of how the Council could provide and deliver improved customer service benefits whilst realising savings through the intended approach.

If the strategy was not implemented e.g. do nothing or scaled back, the Council would not be able to implement the change necessary to transform customer services and may have only been able to achieve partial benefits and savings.

ORDERED that Executive approve:

1. **The new Customer Strategy 2024-27.**
2. **The commitment of the estimated customer programme budget of £1.975m for inclusion within the 2025/26 to 2028/29 capital programme and Flexible Use of Capital Receipts strategy that would be incorporated into the 2025/26 Budget**

and MTFP report to be considered by Council on 19 February 2025.

REASONS

The Customer Strategy was one of six transformation programmes, it had an approved business case (programme delivery document) and sought Executive approval. It offered a brand-new approach which aimed to fundamentally review, redesign, and reshape all of the Council's customer-facing and business process solutions that complemented the Neighbourhood Model.

The approach met the requirements of the Council's transformation portfolio and forecast expenditure as outlined and agreed in the Budget and Medium-Term Financial Plan (MTFP), the Transformation Report and the Transformation Governance Arrangements, as outlined in the Executive Summary of the report.

The strategy was a key decision that would incur expenditure/savings of over £250,000 and impacted all wards and as such required Executive approval.

The strategy supported the desire to move towards neighbourhood working and was part of the proposed new Target Operating Model. The customer approach would ensure early resolve and thus reduced/avoided more complex matters from forming and escalating into services or the Neighbourhood model which would be both timely and costly.

Delivering excellent customer services required significantly changing the Council's operating model. With a shift in the town's demographic and a growing diverse and relatively young population, the opportunity to meet the expectations of customers and modern-day requirements demanded a new approach.

The Council needed to provide efficient, timely, personalised, proactive, connected and affordable services. The strategy sought to redesign and streamline business processes to provide a more efficient service for customers and ensure staff received quality training and an increased knowledge base to be able to provide early resolve and intervention at any point of contact.

The strategy would align the multiple 'front doors' that could lead to an inconsistent customer experience. To achieve this, some employee reporting lines and structures may change. Any changes would be subject to appropriate Human Resources (HR) policies and procedures and relevant Trade Union consultation when necessary.

The approach was intended to reduce duplication and minimise handovers between services to provide a steady shift to early resolution of customer enquiries. To achieve this the approach sought to make best use of modern technologies and automation where appropriate whilst providing a route for customers to transact with the Council in a clear and concise way.

The strategy was supported through the better use of data to help predict demand trends and inform delivery solutions which provided an ideal opportunity for the Council to shape the customer journey. Over time, the Council intended to progress to a 'single view of the customer' which would, in turn, provide a more advanced approach to responding to and planning for the needs of customers.

Utilising the principles of the new customer tiered operating model would enable processes to be organised around the customer, help gain a deeper understanding of the root cause of issues and provided end to end solutions that would significantly improve the customer experience. Consequently, this was intended to reduce costs and provide a more affordable long-term approach than the Council's current arrangements.

24/80 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.**

None.

05 February 2025

<u>All decisions will come into force after five working days following the day the decision(s) was published unless the decision becomes subject to the call in procedures.</u>